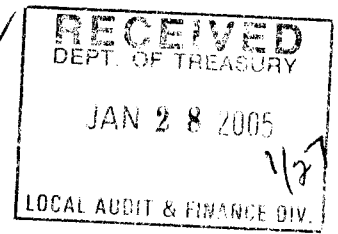


20-1030
GRAYLING TOWNSHIP
CRAWFORD COUNTY
AUDIT REPORT
JUNE 30, 2004



Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Grayling Township	County Crawford
Audit Date June 30, 2004	Opinion Date December 28, 2004	Date Accountant Report Submitted to State: January 27, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Mickey L. Perez, P. C.			
Street Address P. O. Box 57	City Grayling	State MI	ZIP 49738
Accountant Signature Mickey Perez, C.P.A.		Date 1/27/05	

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**MICKEY L. PEREZ, P.C.
CERTIFIED PUBLIC ACCOUNTANT
115 MICHIGAN AVE.
P. O. BOX 57
GRAYLING, MICHIGAN 49738**

INDEPENDENT AUDITOR'S REPORT

Grayling Township Board
Grayling Township
Grayling, Mi. 49738

I have audited the accompanying governmental and fiduciary financial statements of Grayling Township as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The township has adopted the required financial statement format of the Michigan Department of Treasury under the provisions of GASB Statement No. 34. The township elected not to include Management's Discussion and Analysis and not to prepare government wide financial statements as required by GASB No. 34. The township did not allocate to the employee fringe benefits, payroll taxes, and township insurance to the activities as required by GASB No. 34 .

In my opinion, except for the departures from GASB No. 34, as explained in the preceding paragraph, that result in an incomplete presentation, the governmental and fiduciary financial statements present fairly, in all material respects, the financial position of the governmental and fiduciary funds of Grayling Township as of June 30, 2004, and the revenue, expenditures and changes in fund balances in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in relation to the basic financial statements taken as a whole.

Sincerely,

Mickey Perez, C.P.A.

Mickey Perez
Certified Public Accountant

December 28, 2004

GRAYLING TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2004

	GENERAL FUND	IMPROVEMENT REVOLVING FUND	CAPITAL PROJECTS FUND
ASSETS			
Cash and Cash Equivalents	\$ 5,145	\$	\$ 25,772
Investments	360,684	158,446	
Delinquent taxes	983		
Due from State of Michigan	36,341		
Due from Treasurer's tax accounts	3,104		
Special assessments-roads	<u>102,615</u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>508,872</u>	\$ <u>158,446</u>	\$ <u>25,772</u>
LIABILITIES			
Accounts Payable	\$ <u> </u>	\$	\$ <u>24,792</u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u>24,792</u>
FUND BALANCES			
Reserved for			
Capital Projects	\$	\$	\$ 980
National Forest Roads		13,602	
Unreserved	<u>508,872</u>	<u>144,844</u>	<u> </u>
Total Fund Balances	\$ <u>508,872</u>	\$ <u>158,446</u>	\$ <u>980</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES			

Notes to the Financial Statements are an integral part of this statement.

LIQUOR LAW
ENFORCEMENT
FUND

\$ 4,654

\$ 4,654

\$ _____

\$

4,654

\$ 4,654

TOTAL
GOVERNMENTAL
FUNDS

\$ 35,571
519,130
983
36,341

3,104
102,615

\$ 697,744

\$ 24,792

24,792

\$ 672,952

GRAYLING TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF
REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2004

	GENERAL	IMPROVEMENT REVOLVING FUND	CAPITAL PROJECTS FUND
REVENUES			
Taxes and Penalties	\$ 256,548	\$	\$
Licenses and permits	113,973		
State grants	437,689	3,030	
Charges for services	116,655		
Interest	3,932	2,814	
Other	<u>43,926</u>		
TOTAL REVENUES	<u>972,723</u>	<u>5,844</u>	
EXPENDITURES			
Current			
General government	\$ 371,700	\$	\$
Public Safety	259,918		
Public Works	201,112		
Community and Economic Development			
Development	14,275		
Recreational	35,463		
Other	145,809		
Capital Outlay			<u>401,735</u>
TOTAL EXPENDITURES	<u>1,028,277</u>		<u>401,735</u>
EXCESS OF REVENUES OVER (UNDER EXPENDITURES)	(55,554)	5,844	(401,735)
FUND BALANCE JULY 1, 2003	<u>564,426</u>	<u>152,602</u>	<u>402,715</u>
FUND BALANCE JUNE 30, 2004	\$ <u>508,872</u>	\$ <u>158,446</u>	\$ <u>980</u>

Notes to the Financial Statements are an integral part of this statement.

LIQUOR LAW
ENFORCEMENT
FUND

TOTAL
GOVERNMENTAL
FUNDS

\$		\$	256,548
			113,973
	1,693		440,719
			116,655
			6,746
			<u>43,926</u>
	<u>1,693</u>		<u>978,567</u>
\$		\$	371,700
	1,080		259,918
			201,112
			14,275
			35,463
			145,809
			<u>401,735</u>
	<u>1,080</u>		<u>832,730</u>
	613		145,837
	<u>4,041</u>		<u>717,028</u>
\$	<u>4,654</u>	\$	<u>862,865</u>

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
FIDUCIARY FUNDS - STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS	TREASURER'S TAX COLLECTION ACCOUNT	TREASURER'S TRUST AND AGENCY ACCOUNT
Cash - checking	<u>\$2,680</u>	<u>\$636</u>
Total Assets	<u>\$2,680</u>	<u>\$636</u>
 LIABILITIES		
Due to general fund	\$2,680	\$424
Payable to other governments	<u> </u>	<u>212</u>
TOTAL LIABILITIES	<u>\$2,680</u>	<u>\$636</u>

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE A: ENTITY

The Township of Grayling was formed prior to 1875 under general township laws and covers an area of approximately 180 square miles in Crawford County, Michigan. The township operates under an elected Board comprised of a supervisor, clerk, treasurer and two trustees and it provides services in many areas including fire protection, cemetery, compactor station, public road improvements, street lighting, township park, community development and general administrative services.

Grayling Township contracts with the City of Grayling to provide fire protection and cemetery space for township residents. The financial statements of these city funds are not included in this report.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grayling Township board adopted the new statement format of the Michigan Department of Treasury minimum requirements under the provisions of GASB No. 34. The statements do not include Management's Discussion and Analysis, and Government -Wide Financial Statements. The Township continued to budget employee payroll taxes, fringe benefits and general insurance expenses under the functional category of Other. These expenditures are not allocated to the functional activities as required by GASB No. 34.

FUND FINANCIAL STATEMENTS

Fund financial statements are provided for governmental funds. The individual governmental funds are reported in separate columns as follows:

General Fund - This Fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, and other intergovernmental revenues.

Improvement Revolving Fund was established by the Grayling Township Board to fund future improvements as determined annually by the township board.

Capital Projects Fund - This fund was established to account for the construction of fire hall financed by a installment agreement with a local contractor and assigned to Citizens Bank.

Liquor Law Enforcement Fund was established by regulatory provisions to account for liquor fees received to be used for the enforcement of the laws of the State of Michigan.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

CONTINUED

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental funds utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Property taxes and other revenues that are both measurable and available are recorded when earned. Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year at which time the revenue is recorded. Grant revenue is recorded when required expenditures are made by the township. Other revenue is recorded when received.
2. Payment for inventoriable types of supplies and prepaid expenses are recorded as expenditures when paid.
3. Under township employment policies adopted by the township board, employees are allowed to accumulate vacation and sick leave which is payable upon termination of employment. Sick leave in excess of 210 hours is paid each year in June. The value of these benefits which had vested as of June 30, 2004 was \$32,837. The liability will be paid from future revenues and is not recorded in the general fund.
4. Investments, which consist of certificates of deposits, money market accounts and a Treasury Portfolio income trust which is exclusively United States Treasury obligations are stated at cost which approximates market value.
5. Proceeds from loans are recorded in the year received. Payments of principal and interest are reported as expenditures in the year due.

The statement of fiduciary net assets funds are used to account for assets held in trust as an agent for other governmental units. The township has the Treasurer's Tax Collection Fund and the Trust and Agency Fund. The financial activity of the fiduciary funds is limited to collection of amounts which are subsequently returned and paid to third parties and, accordingly, are limited to cash transactions.

NOTE C: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

P. A. 621 of 1978, Section 18 (11) as amended, provides that a local unit shall not incur expenditures in excess of amount appropriated. Annual budgets of the township are adopted for each fund at the function and department level. During the year ended June 30, 2004, the township did not incur expenditures in excess of amounts appropriated for each department.

The township elected not to establish a separate Building Department Fund, since the fee structure is not intended to recover the full cost of the enforcement of the building codes.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

CONTINUED

NOTE D: COMMON BANK ACCOUNT

The township has a common bank account for the Trust and Agency Fund and the Liquor Law Enforcement Fund. The equity of each fund in the common bank account as of June 30, 2004, was as follows:

Trust and Agency Fund	\$ 636
Liquor Law Enforcement Fund	<u>4,654</u>
	<u>\$ 5,290</u>

NOTE E: PENSION PLAN

The township has a defined contribution pension plan covering substantially all of its employees. The plan is funded fully by the purchase of investments at the election of each employee with 100% vesting immediately. The pension expense for the year ending June 30, 2004 was \$19,994. Manulife Financial is the trustee and custodian of the funds.

NOTE F: DEPOSITS AND INVESTMENTS

The township's June 30, 2004 bank balances for checking and investments were \$554,576 of which \$225,534 was covered by federal depository insurance, the remaining \$329,042 of cash were uninsured and uncollateralized. The township invests its general fund checking account in a sweep account at the bank which had a balance of \$184,155 as of June 30, 2004. The collected funds of this account are deposited or withdrawn on a daily basis by the bank in an income trust fund which invests exclusively in U. S. Treasury obligations. The moneys in this account are not covered by federal depository insurance. All other township investments are in a money market account and in certificates of deposits at local banks. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. The township adopted an investment policy which is in conformity with state statutes and has obtained the necessary signed statements from each depository bank.

NOTE G: DUE FROM STATE OF MICHIGAN

The township received a grant of \$230,000 from the Michigan Department of Natural Resources for the development of a township park with playground, pavilion, and trails. The township was required to match with \$125,000 of money from the general fund to be completed August, 2003. The project was not completed as proposed. Total grant was \$112,968 for the two fiscal years ending June 30, 2004. The township recorded \$36,341 due from the State of Michigan for qualified capital expenditures as of the grant deadline.

GRAYLING TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

CONCLUDED

NOTE H: CAPITAL PROJECTS FUND

The township has an agreement with the City of Grayling to provide fire protection. In 2003, the township agreed to provide 50% of the funds required to construct a new fire station for the joint use of each governmental unit. The city manages the Fire Department with the township contributing funds based on an operating agreement approved by each municipality. The township signed an installment purchase agreement and promissory note with AuSable Construction to build the fire station for \$510,000. The installment agreement and promissory note with AuSable Construction was assigned to Citizens Bank for \$510,000 which was deposited in an escrow account with Crawford County Abstract & Title of Grayling, Michigan. As of June 30, 2004, \$980 remained in the escrow account for final construction costs.

NOTE I: CONTRACT PAYABLE

The contract assigned by AuSable Construction Co. to Citizens Bank for \$510,000 requires quarterly payments of \$11,041 including interest at 3.55% with a balloon payment due June 27, 2010 of \$316,778. The payments are budgeted in the Fire Department of the general fund. Scheduled payments are as follows:

<u>Year Ended</u>	<u>Payments</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
June 30, 2004	\$ 44,163	\$18,059	\$26,104	\$483,897
June 30, 2005	44,163	17,058	27,105	456,792
June 30, 2006	44,163	16,070	28,093	428,699
June 30, 2007	44,163	15,045	29,118	399,581
June 30, 2008	44,163	14,021	30,142	369,439
June 30, 2009	44,163	12,883	31,280	338,159
June 30, 2010	349,901	11,742	338,159	-0-

NOTE J: FIXED ASSETS

The township has established the cost of assets which it owns. The costs are actual or estimates from deeds, township minutes, insurance records and prior audit reports. The township has not adopted a depreciation policy. The fixed assets as of June 30, 2004 are as follows:

Land	\$ 52,724
Buildings	913,492
Truck	14,387
Equipment	
Compactor and Recycling Station	114,711
Township Park	197,068
Township Hall	97,773
Fire Hall	404,076
Total	<u>\$1,794,231</u>
	=====

SUPPLEMENTAL INFORMATION

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance Resources	\$ 564,426	\$ 564,426	\$ 564,426	\$
Taxes and Penalties				
Taxes real & personal	\$ 142,000	\$ 142,000	\$ 148,738	\$ 6,738
Penalties & interest on taxes	12,000	12,000	8,454	(3,546)
Trailer park fees	300	300	250	(50)
Payments in lieu of taxes	6,000	6,000	48,456	42,456
Tax Administration Fee	<u>50,400</u>	<u>50,400</u>	<u>50,650</u>	<u>250</u>
Total Taxes and penalties	<u>210,700</u>	<u>210,700</u>	<u>256,548</u>	<u>45,848</u>
Licenses and Permits				
Building permits	45,000	45,000	55,741	10,741
Electrical permits	13,000	13,000	16,075	3,075
Plumbing permits	4,500	4,500	6,454	1,954
Mechanical permits	8,000	8,000	12,636	4,636
Cable license	<u>14,000</u>	<u>14,000</u>	<u>23,067</u>	<u>9,067</u>
Total Licenses and Permits	<u>84,500</u>	<u>84,500</u>	<u>113,973</u>	<u>29,473</u>
State Grants				
Michigan DNR park grant	154,000	154,000	3,914	(150,086)
State revenue sharing	<u>459,100</u>	<u>459,100</u>	<u>433,775</u>	<u>(25,325)</u>
Total State Grants	<u>613,100</u>	<u>613,100</u>	<u>437,689</u>	<u>(175,411)</u>
Charges for Services				
Summer tax collection	34,900	34,900	34,567	(333)
Compactor station fees	60,000	60,000	73,618	13,618
Fire Department Runs	40,000	40,000	4,000	(36,000)
Filing fees	<u>5,000</u>	<u>5,000</u>	<u>4,470</u>	<u>(530)</u>
Total Charges for Services	<u>139,900</u>	<u>139,900</u>	<u>116,655</u>	<u>(23,245)</u>
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>3,932</u>	<u>(11,068)</u>
Other				
Recycling - County	8,500	8,500	8,500	0
Recycling Sales	3,500	3,500	9,462	5,962
Special Assessments - Roads	71,100	71,100	24,395	(46,705)
Other	3,500	3,500	1,569	(1,931)
Ordinance enforcement fines	1,000	1,000	0	(1,000)
Total Other	<u>87,600</u>	<u>87,600</u>	<u>43,926</u>	<u>(43,674)</u>
Amounts Available for Appropriation	\$ 1,715,226	\$ 1,715,226	\$ 1,537,149	\$ (178,077)

Notes to the Financial Statements are an integral part of this statement.

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Charges to Appropriations				
General Government				
Trustee Fees	\$ 2,500	\$ 2,500	\$ 1,445	\$ 1,055
Supervisor	44,290	44,290	44,290	0
Clerk	38,520	38,520	38,520	0
Computers / Information Technology	8,000	9,800	9,608	192
Board of Review	600	1,300	1,296	4
Other General Services	88,346	88,346	59,835	28,511
Treasurer	27,419	28,869	28,865	4
Assessor	44,391	44,391	42,044	2,347
Elections		900	867	33
Township Offices	77,653	87,653	87,399	254
Attorney & Court Fees	5,000	12,200	12,129	71
Cemetery	<u>60,900</u>	<u>60,900</u>	<u>45,402</u>	<u>15,498</u>
Total General Government	<u>397,619</u>	<u>419,669</u>	<u>371,700</u>	<u>47,969</u>
Public Safety				
Township Law Enforcement	28,230	28,230	27,161	1,069
Fire Department	158,081	205,874	171,993	33,881
Inspection Department	<u>53,271</u>	<u>60,771</u>	<u>60,764</u>	<u>7</u>
Total Public Safety	<u>239,582</u>	<u>294,875</u>	<u>259,918</u>	<u>34,957</u>
Public Works				
Road Improvements	48,800	48,800	48,066	734
Street Lighting	7,000	7,000	5,422	1,578
Compactor Station	<u>138,293</u>	<u>148,293</u>	<u>147,624</u>	<u>669</u>
Total Public Works	<u>194,093</u>	<u>204,093</u>	<u>201,112</u>	<u>2,981</u>
Community and Economic Development				
Planning Commission	2,500	2,500	1,825	675
Zoning Board	2,500	2,500	2,450	50
Contracted Services	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Community and Economic Development	<u>15,000</u>	<u>15,000</u>	<u>14,275</u>	<u>725</u>
Parks and Recreation				
Township Park	<u>180,500</u>	<u>180,500</u>	<u>35,463</u>	<u>145,037</u>
Other				
Insurance and Bonds	13,200	17,700	17,699	1
Medical Benefits	61,000	73,000	71,584	1,416
Retirement	18,600	20,000	19,994	6
Social Security	23,000	24,250	24,242	8
Sick Pay	5,500	12,900	11,865	1,035
Unemployment	1,500	1,500	425	1,075
Transfers Out	<u>1,206</u>	<u>1,206</u>		<u>1,206</u>
Total Other	<u>124,006</u>	<u>150,556</u>	<u>145,809</u>	<u>4,747</u>
Total Charges to Appropriations	<u>1,150,800</u>	<u>1,264,693</u>	<u>1,028,277</u>	<u>236,416</u>
Budgetary Fund Balance, June 30, 2004	\$ <u>(1,150,800)</u>	\$ <u>(1,264,693)</u>	\$ <u>(1,028,277)</u>	\$ <u>236,416</u>

Notes to the Financial Statements are an integral part of this statement.

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
IMPROVEMENT REVOLVING FUND
YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	\$ 152602	\$ 152602	\$ 152602	\$
Interest	3000	3000	2815	-185
National Forest Roads			3030	3030
Amounts Available for Appropriation	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts Available for Appropriation	<u>155602</u>	<u>155602</u>	<u>158447</u>	<u>2845</u>
Appropriations	0	0	0	0
Budgetary Fund Balance June 30, 2004	\$ <u>155602</u>	\$ <u>155602</u>	\$ <u>158447</u>	\$ <u>2845</u>

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2004

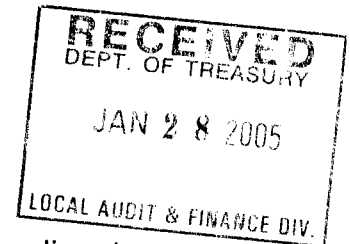
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	\$ 402,715	\$ 402,715	\$ 402,715	\$
Transfer from General Fund	<u>22,455</u>	<u>22,455</u>	_____	(22,455)
Amounts Available for Appropriation	425,170	425,170	402,715	(22,455)
Appropriations				
Capital Outlay - Fire Hall	<u>425,170</u>	<u>425,170</u>	<u>401,735</u>	(23,435)
Budgetary Fund Balance June 30, 2004	\$ _____	\$ _____	\$ <u>980</u>	\$ <u>980</u>

GRAYLING TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
LIQUOR LAW ENFORCEMENT FUND
YEAR ENDED JUNE 30, 2004

	ORIGINAL <u>BUDGET</u>	AMENDED <u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE WITH AMENDED <u>BUDGET</u>
Beginning of Year Fund Balance	\$ 4,041	\$ 4,041	\$ 4,041	\$
State grants	<u>1,700</u>	<u>1,700</u>	<u>1,693</u>	(7)
Amounts Available for Appropriation	5,741	5,741	5,734	(7)
Appropriations				
Public Safety				
Inspection Fees	<u>1,700</u>	<u>1,700</u>	<u>1,080</u>	(620)
Budgetary Fund Balance June 30, 2004	\$ <u>4,041</u>	\$ <u>4,041</u>	\$ <u>4,654</u>	\$ <u>613</u>

CERTIFIED PUBLIC ACCOUNTANT
115 MICHIGAN AVE.
P. O. BOX 57
GRAYLING, MICHIGAN 49738

Grayling Township Board
Grayling Township
Grayling, Mi. 49738



Dear Township Officials:

As a result of my audit of the financial statements of the Township of Grayling, I would like to make the following recommendations for your consideration.

The statements were prepared by presenting the minimum requirements of the Michigan Department of Treasury. Government Wide Statements were not included as required by GASB 34 adopted by the Governmental Accounting Standards Board which prescribes governmental accounting standards. The township did not prepare the Management's Discussion and Analysis to be included in the audit report. I recommend the Township Board decide whether the adoption of the Governmental Wide Statements and the Management's Discussion and Analysis would be beneficial and informative for future reporting purposes.

The township clerk has researched the cost of the townships assets and has identified which year major assets were acquired. The cost of assets of the Fire Department has been obtained from the City of Grayling. The township owns 50% of these assets. The township board should adopt a depreciation policy for these assets. This would complete the accounting process necessary to conform to the GASB requirements.

The township has never charged each department for its share of employee payroll taxes, employee fringe benefits, workmens compensation, and general insurance. Again GASB 34 requires the expenses be allocated to the departments. I strongly recommend the township adopt a plan to allocate these expenses and amend the budgets of each department as necessary.

I found several errors in the special assessment rolls for street lighting and road maintenance. I recommend that a procedure be adopted to review the assessor's roll before the township bills are mailed to insure the totals agree to the special assessment roll as adopted by the township board.

I would like to discuss in greater detail the above recommendations and suggest that a workshop with the township board and myself be established.

Sincerely,

Mickey Perez, C.P.A.

Mickey Perez, CPA

December 28, 2004